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TREASURER FONG APPOINTS UNDERWRITERS AND COUNSEL FOR 1996 STATE BOND ISSUES

SACRAMENTO--State Treasurer Matt Fong today announced underwriter and bond counsel appointments for pending 1996 state bond issues.

Bear Stearns will serve as senior underwriter and Orrick Herrington & Sutcliffe as lead bond counsel for a \$590 million state Public Works Board (PWB) lease revenue bond sale, scheduled for April, to finance construction of the new Corcoran Prison Drug Treatment Facility and to refund bonds previously issued for the Soledad Prison in Monterey County, Fong announced. BA Securities, Inc.; Prudential Securities; J.C. Bradford, Yaeger Capital Markets, Inc.; and E.J. De La Rosa & Co., Inc. will serve as co-managers. Jones Hall Hill & White will be co-bond counsel.

Prudential Securities is senior underwriter and O'Melveny & Myers bond counsel for a \$265 million PWB lease revenue bond issue for California State University. Named as co-managers are Alex. Brown & Sons, Inc., William E. Simon & Sons, Great Pacific Securities, Inc., and Emmett A. Larkin. The firm of Giancarlo & Gnazzo will serve as co-bond counsel.

J.P. Morgan has been appointed senior underwriter and Brown & Wood bond counsel for a \$240 million PWB lease revenue bond issue for California Community Colleges. Stone & Youngberg; A.G. Edwards & Sons, Inc.; Henderson Capital Partners; WR Lazard, Laidlaw & Luther were appointed as co-managers. Chan & Christensen was named co-bond counsel.

"California voters have told us they want improvements to public safety and higher education and these bond issues will finance or refinance the improvement of our existing facilities," said Fong, who met with rating agencies in New York last week to push for an upgrade to the state's bond ratings. "We have a top-flight lineup of underwriters and law firms and I expect investors to eagerly await these issues."

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The appointments were made from a pool of underwriters and bond counsel announced by Treasurer Fong in April, 1995. The first of the bond sales is expected by mid-March.

In other pending issues, Redwood Securities Group was appointed senior underwriter for a \$32 million bond issue for construction of the California Museum of Science & Industry. Lehman Brothers and I.C. Rideau Lyons & Co., Inc., will be co-managers. Frye, Spencer & Hsieh was named bond counsel; the firm of Buchalter, Nember, Fields & Younger was appointed co-bond counsel.

A refunding of approximately \$160 million in general obligation bonds is expected by mid-March. Orrick Herrington & Sutcliffe will serve as bond counsel for the transaction. Lofton, DeLancie & Nelson was appointed co-bond counsel; Best, Best & Krieger was named disclosure counsel; Public Resources Advisory Group was selected as financial advisor.

Two RANs transactions are calendared. Between \$1.5 billion and \$2 billion in revenue anticipation notes are scheduled for sale in mid-April. BA Securities has been appointed senior underwriter, with Morgan Stanley and Lehman Brothers co-senior managers. Orrick Herrington & Sutcliffe has been tabbed as bond counsel; Law Offices of Joaquin A. Talleda was named co-bond counsel; Sheppard, Mullin, Richter & Hampton was selected as disclosure counsel. Public Resources Advisory Group will be the financial advisor.

The second issue, \$3.2 billion or less, for cash flow borrowing, is scheduled for July with Lehman Brothers as senior underwriter and Orrick Herrington & Sutcliffe as bond counsel. BA Securities, Inc.; J.P. Morgan and Grigsby Brandford will be co-senior managers. Co-bond counsel is the Law Offices of Leslie M. Lava. Cox, Castle & Nicholson was named disclosure counsel. Public Resources Advisory Group is the financial advisor.

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